

Senate File 121 - Introduced

SENATE FILE 121

BY CARLIN

A BILL FOR

1 An Act excluding from the computation of net income for
2 purposes of the individual income tax the unreimbursed cost
3 of prescribed drugs or insulin of certain taxpayers at
4 least sixty-five years of age, and including applicability
5 provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2021, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 29A. Subtract the unreimbursed cost of
4 prescribed drugs or insulin of a taxpayer who is at least
5 sixty-five years old on December 31. If a deduction is taken
6 under this subsection, the unreimbursed cost of the drugs
7 or insulin shall not be considered medical care expenses
8 under section 213 of the Internal Revenue Code for state tax
9 purposes.

10 Sec. 2. APPLICABILITY. This Act applies January 1, 2022, to
11 prescribed drugs or insulin purchased after that date.

12 Sec. 3. APPLICABILITY. This Act applies to tax years
13 beginning on or after January 1, 2022.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill excludes from the computation of net income for
18 purposes of the individual income tax the unreimbursed cost of
19 prescribed drugs or insulin of a taxpayer who is at least 65
20 years of age.

21 Under current law, any taxpayer may deduct from net income
22 unreimbursed costs of prescribed drugs or insulin as an
23 itemized deduction for state tax purposes, to the extent the
24 taxpayer's total medical and dental expenses exceed 10 percent
25 of federal adjusted gross income.

26 Under the bill, a taxpayer who is at least 65 years of age
27 on December 31 of any tax year beginning on or after January 1,
28 2022, may exclude from the computation of net income the cost
29 of unreimbursed prescription drugs or insulin, if the taxpayer
30 excludes any cost of unreimbursed prescription drugs or insulin
31 from the medical care expense deduction under section 213 of
32 the Internal Revenue Code for state tax purposes.

33 The bill applies to tax years beginning on or after January
34 1, 2022, for prescribed drugs or insulin purchased on or after
35 that date.